



PORT OF OAKLAND

# MARITIME e-NEWS

March 2016



## Oakland Transforming

The Port of Oakland is transforming. It's consolidating from five to four marine terminals. It's expanding hours of service. It's introducing new operating procedures to improve performance.

This transformation means change for customers and other Port stakeholders, too. In some cases, vessels and cargo are redirecting to different terminals. Property once designated for truck parking is now needed for additional container storage. The traditional Monday-through-Friday daytime operating model is being reshaped by extended hours.

The changes are new. Some haven't even been implemented yet. That means the Port's still not functioning with the efficiency we want. But we'll get there soon. Our goal is timely cargo flow, customer satisfaction and growth that supports local economic development and global trade.

We'll do our best to communicate changes as they occur. In the meantime, here's a progress report on what's happening:

**Terminal consolidation:** The Port of Oakland and Outer Harbor Terminals, LLC, formerly Ports America Outer Harbor; have agreed to a lease termination agreement. The terminal operator will leave Oakland at the end of April. The remaining active terminals are Ben E. Nutter Terminal, Matson Terminal, Oakland International Container Terminal and TraPac Terminal. Outer Harbor Terminal has announced it will cease vessel operations March 31 in Oakland. Cargo operations at Outer Harbor Terminal will stop April 28. About six vessels per week will continue to call at Outer Harbor Terminal through March 31. Consolidation will help the Port absorb excess terminal capacity.

**Vessel relocation:** All vessels services that called at Outer Harbor Terminal are being routed to other Oakland terminals. Oakland International Container Terminal (OICT) is

## Ocean Services in Oakland

### Terminal: BEN E. NUTTER

CPS2 — Asia	TPS — Asia
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HTW — Asia
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### Terminal: OICT

AAC — Asia	PA1 — Europe
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AS2(AC3) — Asia	PA2 (PAS) — Asia
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CALEX — Europe	Pearl River (Jaguar) — Asia
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CC4 — Asia	PRX — Asia
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CEN — Asia	PSW2 — Asia
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CPS2 — Asia	PSX — Asia
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EX1 — Asia	SC1 — Asia
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HTW — Asia	SE3 — Asia
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JPX — Asia	TPS — Asia
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### Terminal: TRAPAC

CC1 — Asia	PA2 (PAS) — Asia
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JAS — Asia	SE2 — Asia
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absorbing about 90 percent of the relocated cargo volume. The rest is going to TraPac terminal. Most vessel services previously calling Outer Harbor Terminal have already moved. A list of terminals and the shipping lines and services they handle is included in this newsletter.

**Hours of operation:** The Port of Oakland is beginning to move away from its traditional weekday operating model. There's too much cargo—too many truck transactions—to fit the old Monday-through-Friday, 8 a.m. to 5 p.m. schedule. The Port has created a \$1.5 million fund to help finance extended hours at marine terminals. Terminals are being encouraged to open gates weeknights and weekends. Extended hours are designed to ease weekday terminal crowding. Because

## Shipping Lines in Oakland

### Terminal: MATSON

Matson
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### Terminal: BEN E. NUTTER

COSCO	Hanjin
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Evergreen	ZIM
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### Terminal: OICT

APL	Maersk
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Australia Navigation Container	MSC
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China Shipping	MOL
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CMA-CGM	NYK LINE
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COSCO	OOCL
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Evergreen	PIL
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Hamburg Sud	Pasha
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Hanjin	United Arab Shipping
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Hapag Lloyd	Wan Hai
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Hyundai	Yang Ming
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K-Line	ZIM
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### Terminal: TRAPAC

APL	K-LINE
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CMA-CGM	MOL
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COSCO	NYK LINE
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Evergreen	OOCL
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Hapag Lloyd	Yang Ming
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Hyundai
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they're still new, extra-hour gates are underused. Cargo owners and their truck drivers are being encouraged to make full use of the added gates.

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**Terminal status:** Marine terminals at the Port of Oakland have been investing and modernizing. Ben E. Nutter Terminal, operated by Everport Terminal Services, re-opened in January following a two-month revamp. It introduced new equipment, a new operating system and is exploring expansion of its container yard. TraPac is in negotiations to take over operation of Berths 25-26 at Outer Harbor Terminal. It, too, may enlarge its container yard footprint. Both terminals report increased container-handling activity but cargo flow is generally good.

**Oakland International Container Terminal (OICT):** This is the largest marine terminal at the Port of Oakland. It's reporting record cargo volume in recent weeks. That's due to two factors: 1) overall cargo growth at the Port of Oakland, and 2) cargo migration in the consolidation from five to four Oakland terminals. After the transition of vessel services from Outer Harbor Terminal, OICT will receive about 27 vessel calls weekly. OICT says truck queues are building at terminal gates and in the container yard. Here's what OICT is doing to manage the increased activity:

- Opening Saturday and Monday-through-Thursday night gates;
- Moving about 2,000 loaded import containers weekly to a nearby location; they're staged on chassis and available around-the-clock for immediate pick-up;
- Adding cargo-handling equipment—six top-handlers, three side-handlers—to move more containers;
- Periodically closing some import delivery rows when demand for container pick-ups outstrips cargo-handling capacity; the situation is temporary until cargo movement stabilizes and extended hours are fully utilized;
- Opening a 30-acre yard for empty container pick-up and delivery;
- Installing a Bluetooth monitoring system to measure harbor trucker wait times.

**Truck parking:** Several hundred truck parking slots have been eliminated as marine terminals acquire additional property for cargo operations. This is a temporary situation. The Port is preparing new parking locations. Sufficient space should be available once again by May.

## They Said It

*The Port of Oakland has seen a significant uptick in the amount of imports it processes, as its efforts to attract more foreign business have paid off*—San Francisco Business Times

*The Port of Oakland, which recently welcomed the behemoth 18,000 twenty-foot equivalent unit (TEU) mega-carrier Benjamin Franklin last month, has not lost sight of the need to improve its infrastructure* —Logistics Management

*Oakland fights back after Outer Harbor shock*

—Lloyd's List

## Lease Termination Agreement

The Port of Oakland has agreed to a lease termination with Outer Harbor Terminals, LLC. The Port's governing Board of Port Commissioners approved the agreement last month. It has been approved by a bankruptcy judge in Delaware overseeing Outer Harbor Terminals, LLC's request for bankruptcy protection.

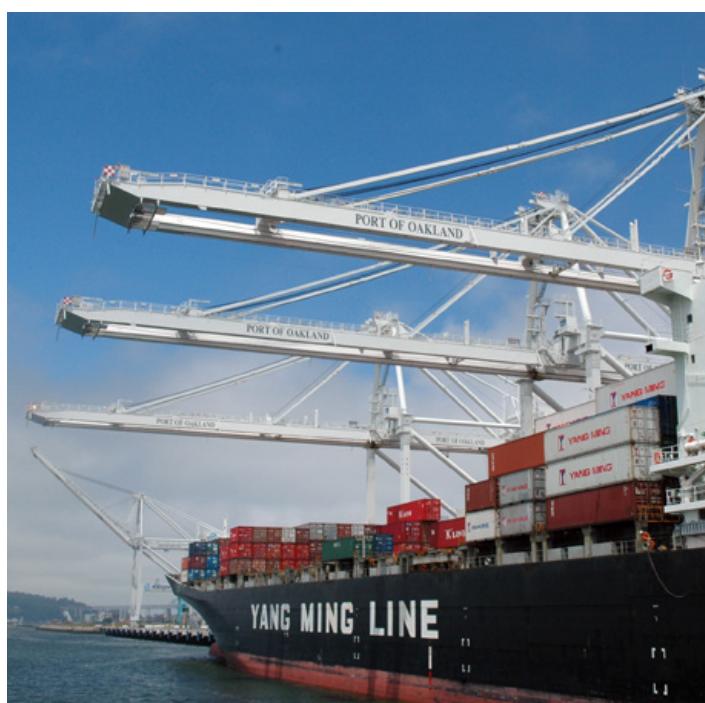
Outer Harbor Terminals, LLC announced in January its intention to close its Oakland operation, one of five privately operated marine terminals at the Port. It later filed for bankruptcy protection. Outer Harbor Terminal will close April 28.

The Port said it agreed to the termination to devote its full attention to improving service to cargo owners and other customers in the aftermath of the terminal closure. "We're not pleased to see a terminal close, but this agreement helps ensure a smooth transition for our customers," said Port of Oakland Maritime Director John Driscoll. "All of our attention now is on efficiently migrating their cargo to the other terminals in Oakland."

The Port and terminal operator signed a 50-year lease in 2009. The agreement would terminate that lease and impose several conditions:

- Outer Harbor Terminal will continue Oakland vessel operations through March 31
- Outer Harbor Terminal will pay about \$6 million in February and March rent to the Port
- The terminal operator will clean up debris and remove equipment on the 166-acre property
- It will pay the Port \$5.1 million for additional clean-up and repair
- The Port will provide free rent in April to ensure Outer Harbor Terminal remains open for cargo operations until the shutdown

The Port has developed a Continuity Plan to move ships and cargo to adjacent terminals when Outer Harbor Terminal closes. It has worked with other terminal operators to relocate ships and cargo from Outer Harbor Terminal. It has also implemented a \$1.5 million Transition Assistance Program to extend gate hours at Port terminals.



## Megaships coming to Oakland

Reprinted from the Wall Street Journal, March 3, 2016

Two weeks after christening the largest container ship ever to visit a U.S. port, French shipping giant CMA CGM SA said it would use six of the behemoths on a regular service rotation between Asia and the U.S.

The carrier announced that starting at the end of May, it will use the new vessels, each with a capacity of 18,000 twenty-foot equivalent units, or TEUs, on its Pearl River Express line, which runs from Fuqing, China to the U.S. West Coast, calling at the ports of Oakland and Long Beach, Calif., before returning to China.

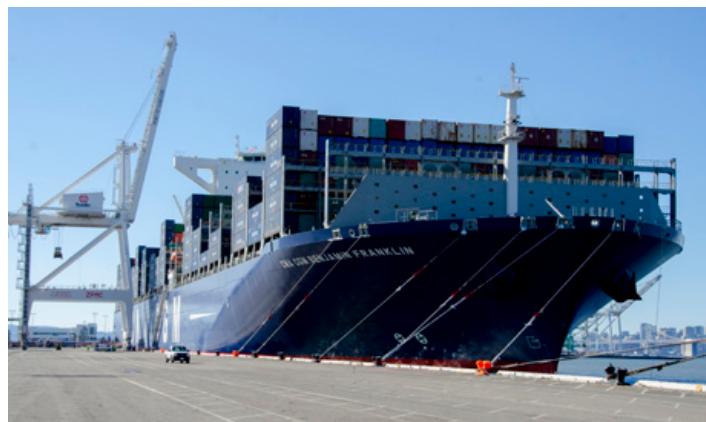
Currently, the Pearl River Express line is served by seven ships, six of them with a capacity of 11,388 TEUs, and [the CMA CGM Benjamin Franklin, the 17,859-TEU ship that was christened last month in Long Beach](#). The new ships that will replace the smaller vessels all bear the names of famous explorers.

"The decision is in line with both the growth strategy set by the Group in the United States and around the world and the optimization of its fleet," the company said in a statement.

Putting new vessels—particularly some of the largest container ships ever built—into service today puts CMA CGM at odds with other large steamship lines, which generally have been curtailing service amid a capacity glut and plummeting shipping rates.

Shipping lines have been gradually increasing the size of vessels for decades, taking advantage of improving technology and engineering to reduce fuel and labor costs. U.S. ports, meanwhile, have struggled to keep up with the growing size of the ships, spending billions to deepen harbors, raise bridges and improve onshore infrastructure like roads and rail connections.

The Benjamin Franklin made calls at several West Coast ports in recent months that appeared to be test runs of the ability of the ports to handle the ships.



[Click here](#) to watch the Ben Franklin at the Port of Oakland.

## Ben Franklin Returns

Maritime enthusiasts welcomed the megaship CMA CGM Benjamin Franklin back to the Port of Oakland Feb. 25. The 1,310-foot-long container vessel berthed in Middle Harbor as spectators snapped photos from an adjacent park.

It was the second call here this year for the largest ship ever to visit the U.S. Dockworkers immediately began the process of loading and unloading containers from the Franklin. The ship departed on time for Seattle 24 hours later.

"She arrived on schedule and crews went right to work," said Maritime Director John Driscoll. "It was another chance to show that the Port of Oakland is ready and able to handle ultra-large container vessels."

The Franklin tied up at Oakland International Container Terminal Berths 55 and 56 on Oakland Estuary, right next to Middle Harbor Shoreline Park, a prime spot to glimpse the megaship.

When the ship departed, tug boats drew it into the Bay, guided by San Francisco Bar Pilots. The boats pulled her stern-first. Once clear of the Estuary's narrow channel, the Franklin rotated 180 degrees and headed for sea. It was the first time Pilots executed the maneuver in the Estuary.

The Franklin arrived New Year's Eve in Oakland on its maiden voyage. Oakland is the only U.S. port to have received the ship twice. The CMA CGM Benjamin Franklin can carry 18,000 20-foot cargo containers.

## Port of Oakland February Loaded Import Volume Surged 89.7 percent

The Port of Oakland continues its cargo recovery from the 2015 contract dispute. Full import containers through the Port of Oakland leaped 89.7 percent in February 2016 compared to the same month last year. Export volume for loaded containers jumped up 37 percent this February from a year ago, the Port said.

The Port attributed part of the huge increase in container traffic through the Oakland Seaport to a couple of factors:

The strength of the US dollar, making it easier for American consumers to purchase products that are imported.

With a labor contract in place, one expects to see container volumes for imports and exports return to prior established levels (before last year's West Coast ports slowdown due in part to drawn-out contract negotiations).

"It's good to see that our cargo volume for both imports and exports has jumped up again," said John C. Driscoll, the Port of Oakland's Maritime Director. "This is further evidence that we have regained the cargo that temporarily left our port a year ago."

Oakland said it handled the equivalent of 70,620 20-foot loaded import containers in February. That was 33,484 more than the import volume for February 2015 and 11,705 more than the import total in February 2014, when contract issues were not impacting volume.

The total container volume (fulls and empties) in February was 188,139 TEUs (one TEU is the same as one, 20-foot container), a 54.2 percent increase from the year before.

February cargo statistics for the Port of Oakland are [available here](#).

## Executive Director's Labor View

Labor relations seem to be improving on the West Coast waterfront. The challenge is convincing shippers that things are getting better. That was the message Port of Oakland Executive Director Chris Lytle delivered this month.



**Chris Lytle**  
Executive Director  
Port of Oakland

Mr. Lytle spoke to more than 2,200 maritime industry representatives at the Transpacific Maritime Conference in Long Beach. He participated on a panel discussing the aftermath of the 2015 contract dispute between longshore labor and waterfront employers.

The upshot of the session? Shippers remain wary of potential labor-management disputes that could disrupt cargo flow. While that perception persists, cargo owners remain a threat to move shipments away from the West Coast. What's the remedy? Mr.

Lytle told the audience that maritime interests need to do a better job educating shippers about labor relations.

"There's a lack of understanding about the current state of affairs," Mr. Lytle said. "We need to bring stakeholders together so our cargo owners have a better understanding of the situation."

The situation has improved, Mr. Lytle said. There's been no labor disruption in Oakland since a new contract was ratified last spring. And labor and management worked together last summer to resolve a temporary worker shortage. All requests for labor have been filled ever since.

Mr. Lytle said port authorities have a key role to play in telling the story. They can't get involved in labor-management negotiations, he pointed out. But ports can put both sides in a room with shippers, carriers and other supply chain representatives to improve collaboration. The Executive Director highlighted examples in Oakland:

- The Port has an Efficiency Task Force that meets every 8-to-12 weeks to drive operational improvements in Oakland. Members include executives from the International Longshore and Warehouse Union and Pacific Maritime Association. They're joined by carriers, cargo owners, trade associations, rail officials, Customs and Coast Guard representatives.
- The Port has conducted face-to-face meetings with shippers that have included longshore labor leaders.

"We put officials from the ILWU local together with cargo owners to give both sides a better understanding of their needs and challenges," Mr. Lytle said. "Labor is contributing in a very positive way."

Mr. Lytle urged longshore labor and waterfront employers to move past last year's dispute. He called the protracted contract negotiations counterproductive and urged the two sides to find a better way to bargain.

"Cargo can go through many gateways," Mr. Lytle said. "We need to work on this."

*The Port of Oakland has worked for years and spent millions of dollars preparing for "megaships" like the Benjamin Franklin to be able to dock there*

—San Francisco Chronicle

## Customer Profile, PCC Logistics

A persistently strong dollar continues to dampen U.S. containerized export volume. But an international logistics company at the Port of Oakland says the world's growing appetite will keep business humming. Oakland-based PCC Logistics says it's capable of accommodating up to 37 refrigerated rail cars a day full of frozen beef, poultry and pork. It's aiming to increase capabilities by an additional 15 railcars a day in Oakland.

PCC's job? Transload all that cargo into containers and ship it overseas to satisfy Asia's insatiable appetite for American meat. "One-third of all the pork exported to Japan goes through this building," says Sam Johnson, who manages PCC's 70,000-square-foot container freight station at the Port.

The 28-year-old company manages 1.3 million square feet of warehouse space in Oakland, Southern California and Seattle. It transports customers' cargo to every continent but Europe and Antarctica. Though it handles large, bulk commodities such as coiled steel, PCC has made its reputation shipping food products. The list ranges from frozen fish and fresh produce to Indian spices.

"We brought the first refrigerated rail car into the Port of Oakland," says PCC Logistics President Michael McDonnell. "We started by transporting chicken to Asia and we've taken off from there."

PCC works with 375 employees and 200 independent truckers on the West Coast and every shipping line at the Port of Oakland. It ships product for some of the largest meat producers in the U.S.

Though U.S. export volume has waned recently, PCC says shipments of chilled food products remain strong. That's a result of ever-expanding middle class consumption in Asia. Incomes have risen



as a result of globalization triggered by Asian sourcing and containerized transport. Greater wealth has caused a spike in protein-based diets and a demand for U.S. agricultural commodities.

That's where PCC Logistics comes in. The company receives daily rail and truck shipments from meat producers in the Midwest and Southeast. It moves cargo from truck to container in temperature-controlled facilities. U.S. Department of Agriculture inspectors monitor the work. Truckers transport loaded 40-foot containers to waiting ships at the Port.

For proprietary reasons, PCC Logistics doesn't disclose cargo volumes. But two statistics give a feel for the scope of the work.

- PCC says it has handled up to 85 percent of Union Pacific's West Coast refrigerated rail car volume during peak shipping years.
- From, Oakland alone, the company ships between 500 and 1,000 40-foot containers to Asia each month.

"Oakland has always been the center point because the vessel schedule is conducive for refrigerated cargo" says PCC Logistics Vice President Brandon McDonnell. "We're continuously trying to grow and diversify because we intend to keep bringing cargo to the Port."